



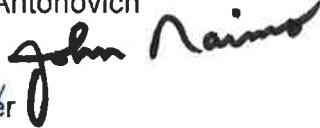

JOHN NAIMO
ACTING AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 8, 2014

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: John Naimo
Acting Auditor-Controller


Cynthia D. Banks, Director
Community and Senior Services

SUBJECT: ON-THE-JOB TRAINING PILOT PROJECT FOLLOW-UP

On April 1, 2014, the Auditor-Controller (A-C) issued a report on the results of their Workforce Investment Act (WIA) On-The-Job Training (OJT) Pilot Project. Based on a sample of OJT billings, the A-C noted that the Human Services Consortium of the East San Gabriel Valley, dba LA Works (LA Works) billed the Department of Community and Senior Services (CSS) for OJT services provided to individuals who were not eligible for the services. Specifically, based on participant interviews and a review of a sample of 20 OJT cases, the report estimated that 173 nurses employed by two hospitals had not met with an LA Works representative until after they were hired by their respective hospitals. As a result, the report estimated that LA Works had billed CSS and paid the two hospitals approximately \$871,000 in unallowable OJT costs between July 2009 and September 2013.

To validate the total amount of unallowable costs that LA Works billed to CSS, staff from both our departments attempted to contact the remaining 153 participants. We were able to conduct interviews with 39 (25%) of the remaining 153 OJT participants. Thirty-three (85%) of the 39 OJT participants confirmed that LA Works did not assist them in obtaining their employment with the two hospitals. The remaining six participants were uncertain when they were contacted by LA Works representatives. In addition, we were unable to interview the remaining 114 participants because they did not return our calls or their telephone numbers had been disconnected. We also confirmed with

representatives from both hospitals that their standard practice was to notify an LA Works representative of newly hired nurses, so the nurses could be registered for the OJT Program.

CSS confirmed that LA Works did not bill for OJT involving the two hospitals prior to the A-C's initial review period (July 2009). However, subsequent to the A-C's audit period, CSS determined that LA Works registered and billed 14 additional nurses in the OJT Program at the two hospitals.

Since information included in our April 1, 2014 report was based on an estimate, A-C staff reviewed LA Works' documentation and confirmed the total amount of OJT overbillings was \$858,336 for all 187 (173 + 14) OJT participants at the two hospitals.

We discussed the results of the OJT audit with LA Works representatives. LA Works' attached response indicates agreement with our findings. Please call us if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:yp

Attachment

c: William T Fujioka, Chief Executive Officer
Salvador R. Velasquez, Chief Executive Officer, Human Services Consortium of the
East San Gabriel Valley, dba LA Works
Public Information Office
Audit Committee



May 8, 2014

Salvador R. Velasquez
Chief Executive Officer

John Naimo, Acting Auditor-Controller
County of Los Angeles
Department of Auditor Controller
350 South Figueroa Street, 8th Floor
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**RE: RESPONSE TO ON-THE-JOB TRAINING PILOT PROJECT DRAFT
REPORT**

LA Works is in agreement with the amount of \$858,336 as unallowable OJT costs overbilled to the LA County Community and Senior Services from July 2009 through September 2013.

Per our discussion, LA Works is requesting a payment plan to repay the amount over a period of 36 months, beginning July 2014.

If you have any questions regarding this request, contact me directly at (626) 960-3964 x2223 or via email at salvador.velasquez@laworks.org.

Sincerely,


Salvador R. Velasquez
Chief Executive Officer

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